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By: Nina L. McNeill  
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES**

In re application of:

Adam Coyle

Application No.: 09/713,603

Filed: November 15, 2000

For: RELOADABLE DEBIT CARD  
SYSTEM AND METHOD

Examiner: Patel, Jagdish

Art Unit: 3624

APPEAL BRIEF UNDER 37 CFR §41.37

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Sir:

Appellant offers this Brief further to the Notice of Appeal mailed concurrently herewith.

1. Real Party in Interest

The real party in interest is First Data Corporation.

## 2. Related Appeals and Interferences

No prior or pending appeals, interferences, or judicial proceedings are known that are related to, will directly affect, will be directly affected by, or have a bearing on the Board decision in this appeal.

## 3. Status of Claims

Claims 1, 3, 6 – 12, 14 – 19, and 21 – 23 are currently pending in the application. All of these claims stand rejected pursuant to a Final Office Action mailed January 21, 2005 (hereinafter “the Final Office Action”).

During prosecution, original Claims 2, 4, 5, 13, and 20 were canceled, and Claims 1, 3, 6 – 12, 14 – 19, and 21 – 23 were amended.

The rejections of each of Claims 1, 3, 6 – 12, 14 – 19, and 21 – 23 are believed to be improper and are the subject of this appeal. A copy of the claims as rejected is attached as an Appendix.

## 4. Status of Amendments

No amendments have been filed subsequent to the Final Office Action mailed January 21, 2005.

## 5. Summary of Claimed Subject Matter

Embodiments of the invention relate to methods and systems using stored-value cards, which may be used in transactions for the purchase of goods and/or services, and which may be reloaded with value (Application, p. 3, ll. 10 – 11). One concern that has traditionally existed with all types of transaction systems is the need to address the potential for theft by

providing some type of security mechanism. In the context of traditional credit cards, there are various mechanisms in place to ensure proper cardholder identification, with the system structured so that a cardholder is exposed only to minimal or no liability in the event the card is stolen and misused (*id.*, p. 1, ll. 13 – 16).

Such security has traditionally not been available for stored-value or prepaid cards (sometimes referred to in the application as “debit cards,” *id.*, p. 2, l. 13). In particular, such cards have traditionally been equipped in one of two ways. A first type of card is exemplified by the paradigm of prepaid telephone cards in which the use of value associated with the card is limited, such as to purchasing telephone time (*id.*, p. 2, l. 10 – 12). One problem with such cards is that the restrictions prevent unused value in the card from being recovered so it is effectively wasted if the cardholder chooses no longer to use the card. The other type of card is exemplified by a cash card that allows cash to be obtained from prefunded accounts (*id.*, p. 2, ll. 14 – 19). While it is possible to redeem unused value from such cards in the form of cash, such redemption can be performed by any party, including a thief of the card.

Embodiments of the invention overcome this deficiency in the prior art by providing stored-value cards that simultaneously prevent theft of the stored value but also permit its redemption by a legitimate party. In particular, a mechanism is provided by which a balance of a subaccount associated with a card may be redeemed in the form of a negotiable instrument payable to a holder of the subaccount (*id.*, p. 10, ll. 10 – 12). By limiting payment in this form, particularly to a holder of the subaccount, theft is deterred since a thief of the card could, at best, only acquire a negotiable instrument payable to a legitimate party and could not himself redeem the value for cash (*id.*, p. 7, ll. 17 – 18).

An arrangement that uses such stored-value cards is provided so that they may be used in commercial transactions. For example, a card-issuing institution may associate each of the cards it issues with one of multiple subaccounts, and then provide the cards for sale to individual customers who become the holders of respective subaccounts (*id.*, p. 6, l. 18 – p. 7, l. 2). Each card includes an identifier for its subaccount, perhaps covered with a concealing strip (*id.*, p. 7, ll. 4 – 5), and perhaps encoded on a magnetic strip (*id.*, p. 7, l. 8) so that it can be read and its associated value reduce in accordance with a purchase cost when the card is presented

during a transaction (*id.*, p. 7, ll. 8 – 13). In some instances, the value may be reloaded by the subaccount holder by adding to its incremental value when the subaccount holder provides additional funds to be allocated to the subaccount during a transaction (*id.*, p. 10, ll. 7 – 8). When the subaccount holder wishes to redeem unused value, the card is presented and the value is provided in the form of a negotiable instrument, such as a money order, cashier's check, etc. specifically payable to the subaccount holder. This instrument may then be used by the subaccount holder to convert that value to cash (*id.*, p. 10, ll. 10 – 13).

a. Independent Claim 1

Independent Claim 1 recites a stored-value card system, which includes a number of aspects of the arrangement described above. The system includes a card (*id.*, Fig. 1, 10) that was issued by a card-issuing institution (*id.*, Fig. 1, 4), with a card identifier (*id.*, Fig. 1, 18) being associated with the card and assigned to the card by the issuing institution (*id.*, p. 5, ll. 18 – 20; p. 7, l. 2 – 4). A reloadable value is associated with the card and credited to the card by the issuing institution (*id.*, p. 5, ll. 18 – 20). A sub-account (*id.*, Fig. 1, 12) is also associated with the card and identified by the card identifier (*id.*, p. 7, ll. 2 – 4). Use of the card is coordinated by a host computer (*id.*, Fig. 1, 6) that is communicatively connected with computational devices (*id.*, Fig. 1, 26) at point-of-sale establishments (*id.*, Fig. 1, 8). The host computer has programming instructions that allow it to perform a variety of functions, including (1) authorizing a purchase to be made by presenting the card at one of the point-of-sale establishments and debiting a cost of the purchase from the sub-account (*id.*, p. 9, l. 15 – p. 10, l. 1); (2) authorizing redemption of a balance of the sub-account in the form of a negotiable instrument payable to the sub-account holder (*id.*, p. 10, ll. 10 – 12); and (3) prohibiting the reloadable value from being redeemed directly for cash (*id.*, p. 7, ll. 17 – 18).

b. Independent Claim 10

Independent Claim 10 recites a method for purchasing goods and services in transactions using value-added cards. A plurality of such cards are issued to a point-of-sale retail establishment (*id.*, Fig. 2, 112), with sub-account identifiers being pre-assigned to the cards (*id.*, Fig. 2, 108) and the sub-accounts being credited with initial reloadable values (*id.*, Fig. 2, 107) (*id.*, p. 8, l. 10 – p. 9, l. 7). A respective sub-account is debited by respective amounts in response to one or more purchases made with a respective one of the cards at a merchant (*id.*, Fig. 2, 118 – 132; p. 9, l. 8 – p. 10, l. 1). An instruction is issued to generate a negotiable instrument payable of a balance of the respective sub-account to a holder of the respective sub-account in response to a request to redeem the respective one of the cards by the holder, with the balance being a difference between the values credited to the respective sub-account and the amounts debited from the respective sub-account (*id.*, p. 10, ll. 10 – 12). The reloadable values are prohibited from being redeemed directly for cash (*id.*, p. 7, ll. 17 – 18).

6. Grounds of Rejection to be Reviewed on Appeal

a. Whether Claims 1, 3, 7 – 12, 14, 15, 17 – 19, and 21 – 23 are unpatentable under 35 U.S.C. §103(a) over U.S. Pat. No. 6,511,377 (“Weiss”) in view of U.S. Pat. No. 6,575,362 (“Bator”). Section 3 of the Final Office Action describes the Examiner’s position on this issue.<sup>1</sup>

b. Whether Claims 6 and 16 are unpatentable under 35 U.S.C. §103(a) over Weiss in view of Bator and further in view of U.S. Pat. No. 6,467,687 (“Fite”). Section 4 of the Final Office Action describes the Examiner’s position on this issue.

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<sup>1</sup> The first line of Section 3 of the Final Office Action additionally indicates that Claims 6 and 16 are rejected under 35 U.S.C. §103(a) as unpatentable over Weiss in view of Bator, but these claims are only discussed in detail in

7. Argument

a. Whether Claims 1, 3, 7 – 12, 14, 15, 17 – 19, and 21 – 23 are unpatentable over Weiss in view of Bator

For a rejection to be maintained under 35 U.S.C. §103(a), the Examiner is changed with factually supporting a *prima facie* case of obviousness. MPEP 2142. Such a *prima facie* case requires, *inter alia*, that all limitations of the claims be taught or suggested by the cited references and that there be some suggestion or motivation to combine and/or modify the reference teachings as the Examiner proposes. MPEP 2143. In this instance, at least both of these requirements are not met by the combination of Weiss and Bator. Arguments are presented separately below for two groups of claims: (1) Claims 1, 3, and 7 – 9; and (2) Claims 10 – 12, 14, 15, 17 – 19, and 21 – 23.

1. Claims 1, 3, and 7 – 9

The primary reference, Weiss, describes a cashless gaming system that makes use of “player cards” as a mechanism to pay for casino games (Weiss, Col. 2, l. 61 – Col. 3, l. 5). A player establishes an account into which funds may be deposited, and the player card is then used by the player to access funds in the account in paying for the games (*id.*, Col. 3, ll. 11 – 26). Security for the card is provided in the form of a personal identification number (“PIN”) that is associated with the card and must be entered to access the funds in the account (*id.*, Col. 7, ll. 25 – 30). The value stored in the account may change as a result of using the card to finance gambling, as well as crediting of the account when the player wins or with promotional credits (*id.*, Col. 7, ll. 25 – 40).

The points in the electronic account can be redeemed for cash or casino compliments (*id.*, Col. 20, ll. 16 – 19). This is done by the player visiting a redemption apparatus, inserting the card, and providing the PIN (*id.*, Col. 20, ll. 23 – 27). A “voucher” is

printed to define a specified amount and distributed to the player (*id.*, Col. 20, ll. 27 – 31).

Weiss lacks any specific description of the voucher other than to note that it is a form of “indicia of value that the player can subsequently utilize or redeem” (*id.*, Col. 21, ll. 47 – 48). There is no description of any security mechanism associated with the voucher and certainly no disclosure that the value in the electronic account be redeemed in the form of a negotiable instrument payable to a holder of the electronic account.

The Final Office Action acknowledges that “Weiss fails to teach ... redemption of a balance of the sub-account in the form of a negotiable instrument payable to the holder of the sub-account” (Final Office Action, p. 3), and instead relies on Bator for this limitation. Bator describes a kiosk device from which customers may purchase negotiable instruments (Bator, Col. 1, ll. 6 – 15). Notwithstanding the assertion in the Final Office Action, Bator also fails to teach redemption of a balance of a sub-account in the form of a negotiable instrument payable to the holder of the sub-account. There is, in fact, no specific teaching in Bator of whom the negotiable instrument is to be payable to. Instead, Bator provides its teachings within a context that suggests that the negotiable instruments purchased at the kiosk will be payable to a third party — this context focuses strongly on the desire to provide a mechanism for transfer of funds between parties as a mechanism for engaging in commercial transactions (*see generally id.*, Col. 1, ll. 19 – 31).

Thus, neither of the cited references teaches the claim limitation of Claim 1 of a “host computer having programming instructions to ... authorize redemption of a balance of the sub-account in the form of a negotiable instrument payable to a holder of the sub-account.” The system described in Weiss suffers from the same deficiencies as the prior art discussed in the Application in that the player card may be stolen and redeemed for cash by someone who determines the PIN, such as may relatively easily be done by monitoring the player in a crowded casino environment. This deficiency is avoided in the claimed invention by issuance of a negotiable instrument specifically made payable to the sub-account holder, thereby providing an additional measure of protection that requires confirmation of the identity of the sub-account holder when negotiating the instrument to fully redeem the value. Bator is not concerned at all with redemption of a sub-account balance and does not even teach or suggest generation of a

negotiable instrument payable to a holder an identified sub-account. Since neither reference teaches the claim limitation, no *prima facie* case under §103(a) has been established.

It is also respectfully noted that no adequate motivation to combine Bator with Weiss has been identified. The motivation must be found in “the nature of the problem to be solved, the teachings of the prior art, and the knowledge of persons of ordinary skill in the art.” MPEP 2143.01, *citing In re Rouffet*, 149 F.3d 1350, 1357, 47 USPQ2d 1453, 1457 – 58 (Fed. Cir. 1998). In this instance, the Final Office Action offers only the assertion that “Bator [is] in the same field of endeavor” as Weiss (Final Office Action, p. 3) with a hindsight observation that “[a]uthorizing and issuing [the] balance of funds in the form of a negotiable instrument payable to the account holder would provide [a] more secure and convenient form of the negotiable payment instrument which may be more desirable in certain situations such as redemption of large amounts of money in the account that the account holder desires to cash out” (*id.*, p. 4). But this rationale is not drawn from the prior art as required and instead relies on Applicant’s claims as a roadmap to define the invention:

It is impermissible to use the claimed invention as an instruction manual or “template” to piece together the teachings of the prior art so that the claimed invention is rendered obvious. This court has previously stated that “[o]ne cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention.”

*In re Fritch*, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1784 (Fed. Cir. 1992), *quoting In re Fine*, 837 F.2d 1071, 1074, 5 USPQ2d 1596, 1600 (Fed. Cir. 1988).

Applicant also respectfully disagrees with the assertion that Weiss and Bator are drawn from the “same field of endeavor.” Weiss is concerned with providing a mechanism for making gambling payments in a casino environment while Bator is concerned with providing a structure for customers to purchase money orders to make payment to third parties. One of skill in the art in developing a card-based payment system for gambling establishments would have no reason to consult a reference like Bator in extending such a system. This is especially evident from the conspicuous absence in Weiss of any teaching or suggestion of using negotiable instruments for redemption, as acknowledged by the Final Office Action.

For these reasons, it is respectfully believed that Claims 1, 3, and 7 – 9 are patentable.



2. Claims 10 – 12, 14, 15, 17 – 19, and 21 – 23

Claims 10 – 12, 14, 15, 17 – 19, and 21 – 23 are believed to be patentable for similar reasons described in connection with Claims 1, 3, and 7 – 9. These claims are treated separately because they embrace a method of purchasing goods and services in transactions using stored-value cards and recite a different form of the limitation requiring sub-account redemption in the form of a negotiable instrument payable to a holder of the sub-account. Specifically, Claim 10 requires “issuing an instruction to generate a negotiable instrument payable of a balance of the respective sub-account to a holder of the respective sub-account in response to a request to redeem the respective one of the cards by said holder, wherein the balance is a difference between the values credited to the respective sub-account and the amounts debited from the respective sub-account.” This limitation is neither taught nor suggested by Weiss or Bator.

The Final Office Action acknowledges that this limitation is not taught or suggested by Weiss and relies on the same reasoning presented in connection with Claim 1 for concluding that it is disclosed by Bator (Final Office Action, pp. 5 – 6). While Applicant disagrees with this reasoning as described above, it is further noted that the limitation in Claim 10 is not identical in scope with the limitation in Claim 1. While Claim 1 requires only that the host system have programming instructions to “authorize redemption” in the manner claimed, Claim 10 more narrowly requires specific issuance of “an instruction to generate a negotiable instrument payable” to the sub-account holder. The authorization and issuance functions are not coextensive — even if Bator could be read to disclose authorizing redemption of the sub-account balance, it clearly fails to disclose the even narrower limitation of issuing an instruction to generate the negotiable instrument payable to the sub-account holder.

No *prima facie* case has been established since the cited art fails to disclose one of the limitations of Claim 10. Furthermore, no adequate motivation to combine Weiss with Bator has been identified, as described in connection with Claims 1, 3, and 7 – 9.

a. Whether Claims 6 and 16 are unpatentable over Weiss in view of Bator and further in view of Fite


Claims 6 and 16 depend respectively from Claims 1 and 10 (via intermediate Claim 15). These claims are believed to be patentable by virtue of their dependence from patentable claims.

8. Conclusion

Appellant believes that the above discussion is fully responsive to all grounds of rejection set forth in the application. Please deduct the requisite fees pursuant to 37 C.F.R. §1.17(c) from Deposit Account 20-1430 and any additional fees that may be due in association with the filing of this Brief.

It is respectfully believed that previous fees in the amounts of \$320 paid May 1, 2003 for filing a Notice of Appeal and \$320 paid June 27, 2003 for filing an Appellant Brief should be applied to this appeal since prosecution was previously reopened by the Primary Examiner pursuant to 37 C.F.R. §1.193(b)(2) before promulgation of recently modified appeal rules. *See* MPEP 1208.02. Should the Office determine otherwise, however, it is authorized to deduct the entire fees of \$500.00 for filing of the Notice of Appeal and \$500.00 for filing this Brief from Deposit Account 20-1430.

Respectfully submitted,

  
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**CLAIMS APPENDIX**

The claims pending in the application are as follows:

1. (Previously Presented) A stored-value card system, which comprises:  
a card issued by a card issuing institution;  
a card identifier associated with said card and assigned thereto by the  
issuing institution;  
a reloadable value associated with said card and credited to the card by the  
issuing institution;  
a sub-account associated with said card and identified by the card  
identifier; and  
a host computer communicatively connected with computational devices  
at point-of-sale establishments, the host computer having programming instructions to:  
authorize a purchase made by presenting said card at one of the  
point-of-sale establishments and debit a cost of the purchase from the said sub-account;  
authorize redemption of a balance of the sub-account in the form  
of a negotiable instrument payable to a holder of the sub-account;  
prohibit said reloadable value from being redeemed directly for  
cash.

2. (Canceled).

3. (Previously Presented) The system according to claim 1 wherein the  
instructions to authorize redemption of the balance of the sub-account comprise  
instructions to authorize redemption of the balance of the sub-account in the form of a  
money order.

4. – 5. (Canceled).

6. (Previously Presented) The system according to claim 1 wherein the card identifier is printed on the card and selectively concealed by a removable concealing strip attached to the card.

7. (Previously Presented) The system according to claim 1 wherein said card includes a magnetic strip, the card identifier being encoded on the magnetic strip.

8. (Previously Presented) The system according to claim 1 wherein said card identifier is adapted to be read by a reader at the point-of-sale retail establishment.

9. (Previously Presented) The system according to claim 8 wherein said reader is in communication with a network comprising multiple point-of-sale establishments which accept said card for the purchase of goods and services.

10. (Previously Presented) A method of purchasing goods and services in transactions utilizing value-added cards, which method comprises the steps of:

- issuing a plurality of said cards to a point-of-sale retail establishment;
- pre-assigning sub-account identifiers to said cards;

- crediting the sub-accounts associated with said cards with initial reloadable values;

- debiting a respective sub-account by respective amounts in response to one or more purchases made with a respective one of said cards at a merchant; and

- issuing an instruction to generate a negotiable instrument payable of a balance of the respective sub-account to a holder of the respective sub-account in response to a request to redeem the respective one of the cards by said holder, wherein the balance is a difference between the values credited to the respective sub-account and the amounts debited from the respective sub-account; and

- prohibiting said reloadable values from being redeemed directly for cash.

11. (Previously Presented) The method of claim 10, which includes the additional step of reloading said respective one of the cards in response to a purchase of additional values by said holder, by crediting said respective sub-account.

12. (Previously Presented) The method according to claim 11, wherein crediting the sub-accounts comprises crediting the sub-accounts associated with said cards with identical predetermined amounts.

13. (Canceled).

14. (Previously Presented) The method of claim 10, wherein the negotiable instrument comprises a money order.

15. (Previously Presented) The method according to claim 10, wherein the respective one of said cards includes a numerical identifier corresponding to said respective sub-account.

16. (Previously Presented) The method according to claim 15, wherein the numerical identifier is concealed prior to delivery of the respective one of the cards to said holder.

17. (Previously Presented) The method of claim 10, which includes the additional steps of:

receiving a request for authorization of a transaction to support the purchase, including an amount of the transaction and the sub-account identifier corresponding to the respective sub-account; and

authorizing the transaction if sufficient funds are available to be debited from the respective sub-account.

18. (Previously Presented) The method of claim 17, wherein the request was generated by a first computational device at the merchant and received by a second computational device linked to the first computational device.

19. (Previously Presented) The method of claim 10, wherein the respective one of said cards includes a magnetic strip, the method further comprising encoding the sub-account identifier for the respective sub-account on the magnetic strip.

20. (Canceled)

21. (Previously Presented) The method according to claim 11, wherein reloading said respective one of the cards comprises crediting the respective sub-account with one of a plurality of predetermined incremental amounts.

22. (Previously Presented) The method of claim 19, which includes the additional steps of:

receiving a request for authorization of a transaction to support the purchase, including an amount of the transaction and the sub-account identifier; and  
authorizing the transaction if sufficient funds are available to be debited from the respective sub-account.

23. (Previously Presented) The method of claim 22, wherein the request was generated by a first computational device adapted to read the sub-account identifier from the magnetic strip, and received by a second computational device linked to the first computational device.

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**EVIDENCE APPENDIX**

Not included.

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**RELATED PROCEEDINGS APPENDIX**

Not included.

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